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SUBJECT: PRIVY COUNCILOR ON THAI POLITICAL SITUATION

Classified By: Ambassador Ralph L. Boyce. Reason 1.4 (a and d).

11. (C) SUMMARY. Privy Councilor Surayud Chulanont told the Ambassador that he is convinced Prime Minister Thaksin Shinawatra will attempt to reenter Thai politics after a brief hiatus. Surayud agreed with suggestions that Thaksin might be hoping to capitalize on his close relationship with the Crown Prince and resume his political career after the 78-year old King's death. Surayud hoped that the Thai intellectual class could help educate the Thai working class about the threat Thaksin posed to Thai democracy. While acknowledging that the Thai military was moving towards becoming apolitical, Surayud voiced concerns that a faction of the Thai Army might be tempted to move in support of Thaksin. END SUMMARY.

ROLE OF THE ARMY

12. (C) During a May 17 meeting at the Ambassador's residence with visiting Vice Chairman of the Joint Chiefs ADM Edmund Giambastiani, Privy Councilor Surayud explained that certain unnamed politicians loyal to Prime Minister Thaksin were attempting to influence some Army officers to move in support of Thaksin. While acknowledging that the Royal Thai Army had come a long way since he had been Army Chief and Supreme Commander, Surayud noted that it would likely be some time before they were completely out of politics. Surayud suggested, however, that the majority of Army officers favored maintaining neutrality.

BUDGET AND ECONOMIC IMPLICATIONS OF THE STALEMATE

13. (C) Surayud expressed concern that the ongoing political stalemate would likely cause budget woes for the armed services. He said that, without a sitting Parliament, the armed services would be unable to submit new budget requests and that, absent a budget, Thai regulations prevented the military from using more than one-third of the previous year's budget to operate. He suggested that the short term impact of the political uncertainty could be managed but worried that the long-term effects could hurt foreign investment and growth. Surayud agreed that both political parties were aware of risks to the economy but remained more focused on fighting each other.

THE KING SUPPORTS THE CONSTITUTION AND THE JUDICIARY

14. (C) Surayud explained that the King's recent remarks to key judges emphasizing his position as a "monarch under the Constitution" were made in part as a response to allegations made in Paul Handley's yet-to-be-published book "The King Never Smiles" which assert that the King has little respect for democratic principles. Surayud was convinced that the King intended to see the present political stand-off resolved through the courts. Surayud went on to say that his contacts within the judiciary expected it would take at least two or three months before the courts would be able to render decisions in all of the cases having an impact on the political situation.

THAKSIN WILL PROBABLY COME BACK

15. (C) Surayud expected Thaksin to return to politics after a short hiatus. He suggested that the Thai intelligentsia should work to educate Thai working class Thaksin supporters about the risks Thaksin posed to Thai democratic institutions. If the educated class did not have enough time to sway those supporters, Surayud expected Thaksin would have a very strong chance of returning to power.

16. (C) In a pull-aside subsequent to the meeting, Surayud told the Ambassador that he agreed with speculation that Thaksin might be waiting until the King dies before resuming his political career, noting that Thaksin had invested heavily in cultivating good relations with the Crown Prince. Surayud also seemed surprised when told that, during his recent visit to foreign capitals, Thaksin had been telling his interlocutors that the King had asked him to step down. Although not present during the King's April 4 meeting with

Thaksin, Surayud had earlier told the Ambassador that the King had not directly asked Thaksin to step down.  
BOYCE